

Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 L-03 SEC-01 EB-08 /025 R

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APPROVED BY EA/ANP:EHURWITZ
L/EA:SORLINS
SEC:RSKRAUT

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FM SECSTATE WASHDC
TO AMEMBASSY CANBERRA
INFO AMCONSUL BRISBANE

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E.O. 11652:NA

TAGS: EINV

SUBJECT: SEC REQUEST FOR INFORMATION

1. SECURITIES EXCHANGE COMMISSION (SEC) HAS ASKED
DEPARTMENT TO TRANSMIT FOLLOWING MESSAGE TO EMBASSY
FOR TRANSMISSION TO GOA:

2. QUOTE: THE SECURITIES AND EXCHANGE COMMISSION IS
CONDUCTING AN INVESTIGATION INTO MATTERS INVOLVING,
AMONG OTHER THINGS, A PROPOSED MERGER BETWEEN PANTEPEC
INTERNATIONAL, INC., A DELAWARE CORPORATION BASED IN
HARTFORD, CONNECTICUT, AND UNITED CANSO OIL AND GAS
LIMITED, A CANADIAN CORPORATION WHOSE STOCK IS TRADED
ON THE PACIFIC AND BOSTON STOCK EXCHANGES IN THE UNITED
STATES, AS WELL AS CERTAIN MATTERS INVOLVING MAGELLAN
PETROLEUM CORPORATION, A DELAWARE CORPORATION BASED
IN HARTFORD, CONNECTICUT. MAGELLAN REPORTEDLY OWNS
54 PERCENT OF THE STOCK OF MAGELLAN PETROLEUM AUSTRALIA,
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LIMITED ("MPAL") AND PANTEPEC REPORTEDLY OWNS 21.1 PERCENT
OF MPAL. MPAL REPORTEDLY HOLDS MINERAL RIGHTS TO OIL
AND GAS RESERVES IN THE PALM VALLEY AND MEREEENIE GAS
FIELDS IN THE AMEDEUS BASIN OF CENTRAL AUSTRALIA. THE
INVESTIGATION RELATES TO POSSIBLE VIOLATIONS OF THE
FEDERAL SECURITIES LAWS, INCLUDING THE ANTI-FRAUD

PROVISIONS OF THE SECURITIES ACT OF 1933, (SEC) (A),
THE ANTI-FRAUD, REPORTING AND PROXY PROVISIONS
10(B), 13(A), 14(A) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND TRANSACTIONS IN INTERSTATE COMMERCE
WITHOUT REGISTRATION AND AFFILIATED TRANSACTIONS
PROVISIONS OF THE INVESTMENT COMPANY ACT OF 1940.
(SECTS 7(A), 17(A) AND 17(D).

3. IT HAS BEEN REPORTED IN THE FINANCIAL PRESS THAT
ESTIMATES OF SUCH GAS FIELDS HAVE RANGED FROM 7 TO 10
TRILLION CUBIC FEET OF GAS. THE SEC IS INTERESTED IN
ANY ESTIMATES PREPARED BY THE AUSTRALIAN NATIONAL
OR PROVINCIAL AUTHORITIES AS TO THE AMOUNT
OF GAS, PROVED, PROBABLE AND POSSIBLE IN SUCH TWO
GAS FIELDS. THIS INFORMATION IS RELEVANT TO THE
QUESTION OF THE ACCURACY OF REPORTS FILED WITH THE SEC
AND DISSEMINATED TO SHAREHOLDERS BY THE SUBJECT
COMPANIES.

4. IT HAS ALSO BEEN REPORTED IN THE FINANCIAL PRESS
THAT THERE WERE DISCUSSIONS BETWEEN MPAL AND/OR ITS
AGENTS, INCLUDING POSSIBLY CATAWBA CORPORATION,
(MAGELLAN PETROLEUM'S ADVISER AND A U.S. CORPORATION)
AND THE AUSTRALIAN GOVERNMENT CONCERNING LOAN GUARANTEES
IN CONNECTION WITH AN INTEGRATED REFINERY FOR THE
MEREENIE GAS FIELD. THE SEC IS INTERESTED IN KNOWING
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WHETHER SUCH DISCUSSIONS HAVE BEEN HELD AND, IF SO, WHEN
SUCH DISCUSSION COMMENCED AND WHAT THE STATUS OF THE
LOAN GUARANTEES IS, I.E., WHETHER LOAN GUARANTEES
HAVE BEEN ISSUED BY THE AUSTRALIAN GOVERNMENT OR
WHETHER THEY ARE PROPOSED TO BE ISSUED. THIS
INFORMATION IS RELEVANT TO THE QUESTION OF THE ACCURACY
OF DISCLOSURES MADE CONCERNING THE PROSPECTS OF PANTEPEC
IN CONNECTION WITH THE SUBJECT PROPOSED MERGER.

5. IT HAS FURTHER BEEN REPORTED THAT ABORIGINAL TRIBAL
CLAIMS IN THE GAS FIELDS ARE BEING SETTLED BY THE
AUSTRALIAN GOVERNMENT. THE SEC IS INTERESTED IN KNOWING
WHETHER CLAIMS, INCLUDING MONETARY CLAIMS, IN THE
AMEDEUS BASIN WHERE MPAL HOLDS RIGHTS HAVE BEEN SETTLED
AND, IF SO, ON WHAT TERMS. THE SEC WANTS TO KNOW
WHETHER THE ABORIGINES HAVE MADE ANY MONETARY CLAIMS
BASED ON THE VALUE OF PETROLEUM LEASES OR OTHERWISE.
THE SEC ALSO WANTS TO KNOW WHETHER REPRESENTATIVES
OF MPAL, INCLUDING CATAWBA PERSONNEL, NEGOTIATED DIRECTLY
WITH THE ABORIGINAL LAND COUNCIL AND/OR WHETHER
REPRESENTATIVES OF THE AUSTRALIAN GOVERNMENT PARTICIPATED
IN SUCH NEGOTIATIONS. THIS INFORMATION IS RELEVANT

TO THE QUESTION OF THE ACCURACY OF REPORTS FILED WITH THE SEC AND DISSEMINATED TO SHAREHOLDERS BY THE SUBJECT COMPANIES AND TO THE QUESTION OF THE ACCURACY OF DISCLOSURES MADE IN CONNECTION WITH THE PROPOSED MERGER.

6. THE SEC'S INVESTIGATION IS BEING GIVEN HIGH PRIORITY IN LIGHT OF THE MERGER PROPOSAL AND, ACCORDINGLY, PROMPT ATTENTION TO THESE REQUESTS WILL BE SINCERELY APPRECIATED.END QUOTE.

7. SEC HAS DISCUSSED INQUIRY WITH AUSTRALIAN EMBASSY LEGAL ATTACHE WHO ADVISES THAT HE DOES NOT BELIEVE UNCLASSIFIED

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INFORMATION REQUESTED FALLS UNDER PURVIEW OF FOREIGN PROCEEDINGS (PROHIBITION OF CERTAIN EVIDENCE) ACT OF 1976. LEGAL ATTACHE SUGGESTED THAT BEST SOURCES OF INFORMATION WOULD BE DEPARTMENT OF NATIONAL DEVELOPMENT AND DEPARTMENT OF BUSINESS AND CONSUMER AFFAIRS WITH PETER KENNEDY OF SECURITIES AND COMPANY LAW SECTION OF DEPARTMENT OF BUSINESS AND CONSUMER AFFAIRS BEING MOST APPROPRIATE CONTACT. COOPER

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